

## SURFACE USE AND RENTAL AGREEMENT

THIS AGREEMENT, entered into this 2<sup>nd</sup> day of March, 2011, by and between Dalton M. Teague and Helen F. Teague, husband and wife, whose address is 91 West 1<sup>st</sup>, P.O. Box 275, Cheyenne Wells, CO 80810, hereinafter referred to as "SURFACE OWNER" (whether one or more) and VECTA OIL & GAS LTD., whose address is 5950 Cedar Springs Road Suite 200, Dallas, TX 75235, hereinafter referred to as "VECTA".

WITNESSETH:

1. That Surface Owner is the owner of the surface estate as concerns the following described real property, herein described as the "LANDS", to-wit:

Township 12 South, Range 46 West, of the 6<sup>th</sup> P.M.  
Section 26; Lots 3-6 and 11-14 (a/d/a W ½)

In the County of Cheyenne, State of Colorado  
Containing 313.02 acres, more or less

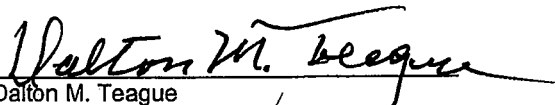
2. That VECTA does desire to enter upon the above described lands for the express purpose of drilling an exploratory oil and gas well. It is further understood that the initial exploratory well will be identified as the Quandary 23-26 well, with the location of said well and its proposed access being more specifically shown on the map attached and identified as Exhibit A, and on the survey plat attached and identified as Exhibit B.
3. VECTA agrees to consult with surface owner as to the location of roads and the mitigation of damages to the surface lands used in oil and gas operations. Vecta will notify surface owner a minimum of 48 hours prior to conducting surface operations.
4. That the parties hereto do expressly agree that fair and just compensation for surface damage and disruption shall be in the amount of [REDACTED], to be paid prior to Vecta beginning of any excavation or road construction on said property, with said damages to be allotted as follows:
  - a. For road costs across said lands to the well site and access route, the sum of [REDACTED] per rod; being a total of [REDACTED], for an estimated 289 rods of road. The width of said road R-O-W shall not exceed thirty feet (30'), for said payment.
  - b. For use of the lands and well location, the sum of [REDACTED]  
The total area used for said well location shall not exceed four (4.0) acres, for said payment.
5. The parties hereto do expressly agree that should the exploratory oil and gas well be determined to be a producing oil and gas well, that VECTA shall pay to the surface owner the sum of [REDACTED] per rod, per year, as and annual rental for use of the road and [REDACTED] per year, as an annual rental for the well site and tank battery location. Said rental shall be payable in advance, by Vecta, as of the anniversary date of well completion.
6. That in addition to the foregoing compensation, VECTA does expressly agree and guarantee to Surface Owner the following:
  - a. That the storage pit as utilized by VECTA shall be reclaimed by VECTA as soon as is practicable, but in no event until said pit is dry.
  - b. That when the well site is vacated by VECTA, they will use their best efforts to reclaim the well site as nearly as is practicable to the condition it was in prior to initiating drilling operations.
  - c. That VECTA will remove and save all topsoil from the well site for use in reclamation.
  - d. That VECTA will be responsible for all garbage clean-up and pick-up, and will maintain the area free of all litter, weeds and debris so long as operations continue and until the well site has been reclaimed.
  - e. That if said well is produced, VECTA will fence the well site and install cattle guards, if necessary, as determined after consultation with Surface Owner.
  - f. That VECTA will be responsible for maintenance of all roads, fences and other facilities installed as part of their operations.
  - g. That VECTA, upon termination of operations, will use their best efforts to reclaim any lands used for roads as nearly as practicable to the condition it was in prior to initiating of their oil and gas operations. In lieu of reclamation by VECTA, Surface Owner shall have the option to release Vecta from this obligation and assume responsibility for maintenance of said road.

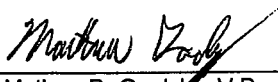
7. That if VECTA, after consultation with Surface Owner, chooses to locate a tank battery at other than the well site location, VECTA shall pay the sum of [REDACTED] prior to the initial installation and [REDACTED] per year, as an annual rental for the additional location.
8. That if VECTA, after consultation with Surface Owner, installs pipelines on the lands, VECTA will pay Surface Owner a sum equal to [REDACTED] per rod for any and all easements related to pipelines and pipeline interconnections installed other than at the well site and tank battery location and within the thirty foot (30') road R-O-W, described in Paragraphs #2 and #4, above. Said payment shall be a one time payment as full and final settlement and satisfaction for any and all damages of any nature to the lands and Surface Owners operations, and for execution of a recordable Easement & Right-of-Way document, in the form attached hereto as Exhibit C and incorporated herein by this reference ("Easement Agreement"). Said payment to be made promptly by Vecta, upon receipt of the fully executed Easement Agreement. All pipeline shall be buried below a minimum of three feet (3') to the top of the pipe and shall be installed, operated and reclaimed or abandoned by VECTA in compliance with COGCC rules and regulations.
9. That the Surface Owner does expressly agree to accept the foregoing described compensation for surface damage and disruption, and covenants, in accordance with the normal use of the surface estate for a mineral development of oil and gas reserves, and accordingly does release VECTA from any further claims upon the same. Nothing contained herein shall be construed as a release for damages to the surface estate suffered as a result of abnormal use thereof, nor shall VECTA use any portion of the surface estate for mineral development other than that which may be used in the normal course of said mineral development.
10. That the Surface Owner does expressly agree to hold the contents of this Agreement to be confidential between Surface Owner and VECTA, unless VECTA shall fail to make the payments or fulfill the covenants herein agreed.
11. VECTA does expressly agree to hold the Surface Owner harmless for any and all liability of whatever nature and kind, and any and all resulting damages therefrom, as a result of the mineral development upon the foregoing described well site. It is the agreement of the parties hereto that VECTA shall assume exclusive and absolute liability for all activities conducted upon the above described premises for the purposes of mineral development as proposed by said VECTA.
12. Surface Owner and Vecta agree that this agreement and all terms described herein shall apply to any additional and subsequent exploratory wells drilled by VECTA within a period of five (5) years from the date of this agreement, on the lands described herein. It is further understood and agreed that VECTA shall compensate Surface Owner for each subsequent use of any existing road or portion thereof, as if said road was constructed specifically for use as part of these additional and subsequent operations.
13. This agreement is binding upon the parties hereto and to their, heirs, successors and assigns. This agreement may be assigned or transferred by either party.

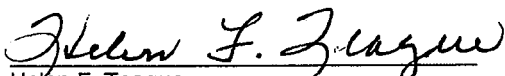
**IN WITNESS WHEREOF**, this Surface Use and Rental Agreement is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not his document has been executed by all parties hereinabove named as Surface Owner.

**SURFACE OWNER:**

**VECTA OIL & GAS, LTD.**

  
Dalton M. Teague

By:   
Mathew D. Goolsby, V.P. - Operations

  
Helen F. Teague

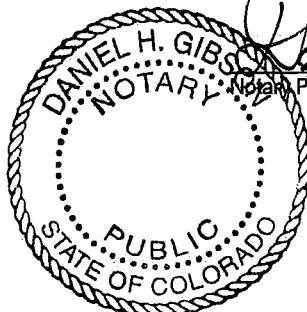
ACKNOWLEDGEMENTS

STATE OF COLORADO )  
COUNTY OF CHEYENNE ) ss.

The foregoing instrument was acknowledged before me this 28th day of MARCH, 2011, by Dalton M. Teague.

My commission expires: 6-20-12

(Seal)



Notary Public:

*Daniel H. Gibson*

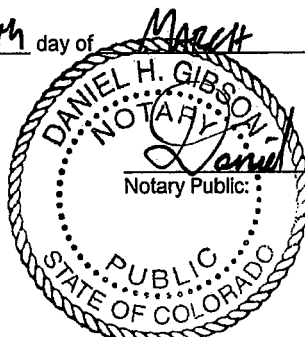
STATE OF COLORADO )  
COUNTY OF CHEYENNE ) ss.

My Commission Expires 6-20-2012

The foregoing instrument was acknowledged before me this 28th day of MARCH, 2011, by Helen F. Teague.

My commission expires: 6-20-12

(Seal)



Notary Public:

*Daniel H. Gibson*

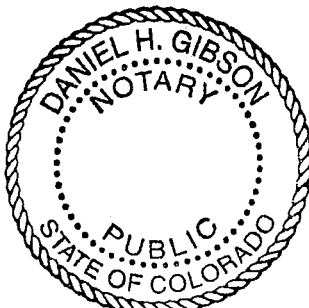
My Commission Expires 6-20-2012

STATE OF COLORADO )  
COUNTY OF Douglas ) ss.

The foregoing instrument was acknowledged before me this 4th day of APRIL, 2011, by Mathew D. Goolsby, V.P. – Operations of Vecta Oil & Gas, Ltd.

My commission expires: 6/20/12

[Seal]



My Commission Expires 6-20-2012

*Daniel H. Gibson*

Notary Public